



State of California—Health and Human Services Agency
Department of Health Care Services



ARNOLD SCHWARZENEGGER
Governor

January 10, 2008

CHDP Information Notice No.: 08-A

TO: ALL CHILD HEALTH AND DISABILITY PREVENTION (CHDP)
PROGRAM DIRECTORS AND DEPUTY DIRECTORS AND STATE
CHILDREN'S MEDICAL SERVICES (CMS) BRANCH STAFF

SUBJECT: PROPOSED BUDGET REDUCTIONS IN REIMBURSEMENT TO LOCAL
CHDP PROGRAMS FOR THE MEDI-CAL ADMINISTRATIVE SUPPORT
OF THE CHDP PROGRAM

This Information Notice is to provide local CHDP programs and State CMS Branch staff with information regarding the 2008 Governor's Budget proposal to reduce State reimbursement to the counties and cities for the Medi-Cal support of the administration of the CHDP program. This proposal would require the Department of Health Care Services to reduce the State General Fund (GF) reimbursement to counties and cities by 10 percent for these administrative activities.

This budget reduction proposal is currently in the Governor's proposed Budget for Fiscal Year 2008-09 and is in response to a projected GF budget shortfall in excess of \$3.3 billion in the current year budget and a projected \$14 billion in the 2008-09 budget year. Under current law, the Governor has the authority to declare a fiscal emergency if the State faces substantial revenue shortfalls or expenditures increases. The Governor has exercised his authority to call a special session of the legislature to address the State's fiscal shortfall and develop budget language in response to the budget deficit. This proposed budget reduction has been developed as a result of the State's fiscal emergency.

The funding for CHDP activities affected by this proposal is a combination of State GF and Title XIX funds that are used in support of the federal Medicaid Early and Periodic Screening requirements. The State reimburses counties and cities for their costs based on actual administrative expenditures in accordance with approved county administrative budgets as reported on county quarterly invoices.

The proposed reduction of 10 percent for county CHDP and Early and Periodic Screening, Diagnosis and Treatment, administrative activities does not require changes to the counties currently approved CHDP administrative budgets. The proposed reduction is structured to be applied to State reimbursements of county quarterly

administrative invoices at the end of the invoice adjudication process. This GF reduction will also result in reductions of the federally funded component of the adjudicated reimbursement.

Until the Budget Act is signed by the Governor, this proposal is to be considered pending approval. Many changes occur during the budget process and variations of budget reductions proposals often go through multiple revisions and amendments before a final version is approved. During this time we are committed to keeping you advised of this proposal's passage throughout the legislative process.

In order to provide you with the opportunity to ask questions about this proposal, we have scheduled a conference call on Thursday, January 17, 2008 from 1:30 PM to 3:00 PM. The conference call line is 877-675-1807, Participant Code 648955.

Original Signed by Marian Dalsey, M.D., M.P.H.

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Children's Medical Services Branch